

## Message Text

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PAGE 01 BAGHDA 00912 011304Z  
ACTION NEA-10

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USDOC WASHDC  
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AMEMBASSY TEHRAN

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TAGS: BEXP, IZ  
SUBJECT: TRADE PR  
HOTION PROGRAM FOR IRAQ IN FY 78

REF: (A) 76 BAGHDAD 857, (B) BAGHDAD 882

1. IN SUBMITTING USINT'S REPLY IN JUNE 1976 FOR USDOC-  
SPONSORED TRADE PROMOTION EVENTS FOR IRAQ, WE RECOMMENDED  
NO SPECIFIC EVENTS BUT ENCOURAGE USDOC TO INCLUDE  
SUFFICIENT FLEXIBILITY IN ITS PROGLUM TO ALLOW THE  
ADDITION OF IRAQ TO EVENTS SCHEDULED FOR OTHER COUNTRIES  
IF THE NATURE OF US-IRAQI RELATIONS INDICATES THEY WOULD  
PROBABLY BE SUCCESSFUL. THE FOLLOWING PARAGRAPHS OUTLINE  
USINT'S PROPOSED TRADE PROMOTION PROGRAM FOR FY 78 AND  
SUGGEST EVENTS LISTED ON THE MAY CAGNE TRADE PROMOTION  
EVENTS SCHEDULE WHICH MIGHT INTEREST THE IRAQIS.

2. CLIMATE FOR US-IRAQI COMMERCIAL RELATION IN FY 78.  
THE JANUARY 1977 WATER RESOURCES TRADE MISSION AND  
FEBRUARY 1977 EDP SEMINAR BROKE THE ICE IN IRAQ FOR  
OTHER USDOC-SPONSORED MISSIONS AND ESTABLISHED THAT THE  
GOI HAS NO OBJECTION IN PRINCIPLE TO US GOVERNMENT-  
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SPONSORED EVENTS. THESE EVENTS DEMONSTRATED, HOWEVER,  
THAT GOI RECEPTIVITY TO SUCH MISSIONS GREATLY HINGES ON  
THE TONE OF US-IRAQI RELATIONS IMMEDIATELY PRIOR TO  
THE EVENTS. IN THIS REGARD THE MOST IMPORTANT FORESEE-  
ABLE DEVELOPMENT LIKELY TO AFFECT WHETHER THE GOI WILL  
RECEIVE, OR WHETHER US WOULD WANT TO SEND, USDOC-  
SPONSORED MISSIONS TO IRAQ IS IS IRAQI REACTION TO THE NEW

US ANTIBOYCOTT LEGISLATION. AS REPORTED IN REF. B, THE IRAQIS MAY DECIDE TO BAN AGAIN TRADING WITH US FIRMS EXCEPT UNDER SPECIAL CIRCUMSTANCES. OR, EVEN IF THE GOI CHOOSES ONLY TO CONTINUE IT CURRENT BOYCOTT POLICY, US FIRMS COULD LARGELY BE DISENFRANCHIZED BECAUSE THE ANTICIPATED US LAW WOULD PROHIBIT US FIRMS FROM SIGNING THE BOYCOTT STATEMENT OR PROVIDING THE BOYCOTT INFORMATION WHICH THE GOI NOW REQUIRES. ON THE OTHER HAND THE USG SHOULD BE IN A POSITION TO EXPLOIT WHATEVER COMMERCIAL OPPORTUNITIES ARE AVAILABLE. THIS WOULD BE PARTICULARLY IMPORTANT IF US-IRAQI POLITICAL RELATIONS IMPROVE AND BOYCOTT PROBLEMS TURN OUT TO BE MANAGEABLE.

3. OUTLINE OF TRADE PROMOTION PROGRAM. BASED ON THE ABOVE ASSESSMENT, USINT PLANS A THREE-PRONGED COMMERCIAL PROGRAM ACCORDING TO THE FOLLOWING PRIORITIES:

A. ASSISTANCE TO US BUSINESSMEN. BECAUSE OF THE DIFFICULTY MOST FIRMS ENCOUNTER IN OBTAINING INFORMATION ABOUT THE IRAQI MARKET AND IN OOPERATING IN IT, USINT HAS ACCORDED HIGH PRIORITY TO ASSISTING US BUSINESSMEN. IN FY-78 WE ANTICIPATE THAT THE NEED TO CONTINUE THIS PERSONALIZED SERVICE WILL REMAIN HIGH IN ORDER TO ASSIST US BUSINESSMEN TO OBTAIN VISAS AND TO IDENTIFY TRADE OPPORTUNITIES IN WHICH BOYCOTT OBSTACLES CAN POSSIBLY BE OVERCOME. RECENT EXAMPLE IS MINISTRY OF PLANNING'S REQUEST FOR ASSISTANCE IN OBTAINING BIDS FOR ITS COMPUTERIZED PROGRAM TO FOLLOW STATUS OF GOI DEVELOPMENT PROJECTS.

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B. ENCOURAGEMENT OF ERAQIS TO ATTEND US TRADE PROMOTION ACTIVITIES OUTSIDE OF IRAQ. GOI TRAVEL REGULATIONS IMPEDE FREQUENT TRAVEL ABROAD BY GOI PURCHASING AUTHORITIES, BUT WE BELIEVE THERE MAY BE SCOPE WHICH WE CAN USE TO PROMOTE US PRODUCTS. NATIONAL COMPUTER CENTER, FOR EXAMPLE, IS SENDING TWO OR THREE STAFF MEMBERS PRESENTLY STUDYING IN THE US TO THE JUNE NATIONAL COMPUTER SHOW IN TEXAS. IN ADDITION, THE FOREIGN MINISTRY, PRESUMABLY ON BEHALF OF THE STATE ORGANIZATION FOR ELECTRICITY, HAS RECENTLY REQUESTED INFORMATION ABOUT ELECTRICAL ENGINEERING CONFERENCES IN THE US IN THE NEAR FUTURE. THE TEHRAN TRADE CENTER ALSO PRESNETS OPPORTUNITIES; WITH THE IMPOROVEMENT IN IRAQI-IRANIAN RELATIONS, IRAQIS ARE NOW TRAVELING MORE FREQUENTLY TO TEHRAN. TRADE CENTER ACTIVITIES IN THE NEXT YEAR WHICH COULD INTEREST IRAQI VISITORS INCLUDE THE EXHIBITIONS ON WATER RESOURCES, AUTOMOTIVE DIAGNOSTIC EQUIPMENT, BUILDING AND CONSTRUCTION MATERIALS EQUIPMENT, AND MACHINE TOOLS.

USINT'S APPROACH CONCERNING ALL THESE EXHIBITIONS IS TO SEND BROCHURES UNDER COVER OF DIPLOMATIC NOTE TO FOREIGN MINISTRY LISTING IRAQI GOVERNMENT AGENCIES TO WHICH WE WOULD LIKE THE BROCHURES DISTRIBUTED AND THEN TO FOLLOW UP INDIVIDUALLY WITH PERSONS WE KNOW MIGHT WANT TO ATTEND. THIS PROCEDURE REQUIRES LEADTIMES OF ABOUT 2-3 MONTHS BECAUSE GOI OFFICIALS HAVE TO APPLY AT LEAST THIRTY DAYS IN ADVANCE FOR EXIT VISAS. SO FAR IRAQIS HAVE SHOWN MOST INTEREST IN INVITATIONS WHICH INCLUDE AIR FARE AND EXPENSES.

C. ORGANIZED TRADE PROMOTION ACTIVITIES. PENNSYLVANIA BUSINESS GROUP VISITING BAGHDAD JUNE 18-23 PROVIDES TEST OF USING THIS "HALFWAY HOUSE" AS A TRADE PROMOTION VEHICLE, AND A SIMILAR VISITING GROUP OF GULF AND WESTERN EXECUTIVES (ONLY TRADE PROMOTION EVENT NOW SCHEDULED FOR IRAQ IN FY 78) WILL PROVIDE SECOND OPPORTUNITY. IF THIS VEHICLE IS SUCCESSFUL, WE WOULD LIMITED OFFICIAL USE

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HOPE TO SPIN OFF BUSINESSMEN WHO ARE EXHIBITING AT TEHRAN TRADE CENTER TO MAKE STOP AT BAGHDAD. OTHER ACTIVITIES LISTED ON THE CAGNE SCHEDULE WHICH COULD BE APPROPRIATE FOR THE IRAQI MARKET INCLUDE THE FOLLOWING:

- THE JANUARY 1978 ELECTRICAL ENERGY SEMINAR MISSION TO OMAN, SAUDI ARABIA AND MOROCCO;
- THE FEBRUARY 1978 MATERIALS HANDLING TRADE MISSION TO IRAN, BAHRAIN, QATAR AND OMAN;
- THE APRIL 1978 BUILDING AND CONSTRUCTION SEMINAR MISSION TO SAUDI ARABIA, ALGERIA, MOROCCO AND TUNISIA;
- THE MAY 1978 MATERIALS HANDLING SEMINAR MISSION TO EGYPT, ALGERIA, MOROCCO AND TUNISIA.

ALL BUT ONE OF THE VENTS LISTED ABOVE ARE SEMINAR MISSIONS; THIS VEHICLE HAS BEEN PARTICULARLY SUCCESSFUL IN THE IRAQI MARKET BECAUSE IT APPEALS TO THE GOI'S DESIRE TO ACQUIRE US TECHNOLOGY AND DOES NOT CARRY AN EXPECTATION OF IMMEDIATE SALES.

4. USINT REALIZES THAT LEADTIMES FOR USDOC EVENTS ARE RAPIDLY CONSTRAINING FLEXIBILITY TO SCHEDULE TRADE PROMOTION EVENTS IN IRAQ IN FY 78 AND COMMERCIAL ATTACHE KEISWITZER WOULD LIKE TO DISCUSS ABOVE IDEAS WHEN HE CONSULTS IN WASHINGTON JUNE 6-10.  
MACK

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